



No. 10/2012

[Press Release on Northern Region's Economic Conditions in August 2012](#)

**In August 2012, the overall economy in the Northern region expanded well.** As for supply side, export-oriented manufacturing production increased in line with an expansion in tourism on the back of ongoing seminars while agricultural production slightly grew as the end of the harvest season. Demand side favorably rose following an increase in private consumption and investment as well as government expenditure. Exports continued rising but in a decreasing rate. With regard to economic stability, inflation moderated along with low unemployment rate. For banking sector, commercial bank deposits and credits increased satisfactorily.

Details of the economic conditions are as follows:

**Supply side** favorably expanded almost across the board. **Manufacturing Production Index** (MPI) grew by 16.1 percent year-on-year (yoy), attributing to accelerated production of alcoholic beverages as a response to a forthcoming increase of excise tax rate, as well as exports to neighboring countries. Meanwhile, production of electronic components, particularly for telecommunication devices, and textiles, mainly of demand from Vietnam, registered a growth. Concurrently, **tourism** improved following not only an acceleration of seminars arranged by public sector in response to both the upcoming 2012 fiscal year end, but also increased flights. **Farm Income** rose by 7.8 percent (yoy) resulting from a rising **major crop price** by 7.4 percent (yoy). This was mainly contributed by increasing price of maize following world market price, while the price of second crop paddy slowed down, resulting from both dampened exports and deferred purchase as a result of a recent release of government's rice stock. Likewise, prices of longan and livestock dropped due to higher output. **Major crop production** mildly increased by 0.3 percent (yoy) resulted from lesser output during the end of some major crops' harvest season, namely second crop rice and cassava. Nevertheless, increased major rice and maize were observed in the market as harvest season started. Meanwhile, supply of swine, broiler and egg kept rising.

**Private Consumption** remained supportive as demand for automobiles, construction-related goods, including construction materials, electrical appliances and devices, and furniture; as well as food and beverages exhibited a growth. Nevertheless, a sign of consumers' caution on spending with a concern about deteriorating world economy was observed. In the meantime, **Private Investment Index** (PII) grew by 13.5 percent (yoy), owing to the growth in construction sector, specifically for real estate, flood

prevention projects and imports of machineries and equipments, for both replacement and new production lines, as well. Going forward, continual investment promotion approval, amounting to 1,262.2 million baht in this month, for electronics, household utensils and solar energy generation businesses, were the evidence of promising investment in the Northern region. Regarding **government disbursements** through provincial treasury offices in the Northern region, amounting to 17,143.1 million baht, grew by 18.6 percent (yoy), contributed by both current and investment expenditures. This increase was accommodated by the acceleration of disbursement during the approaching end of fiscal year 2012 as well as the considerable progress of contracted construction projects.

**Exports** amounted to 353.9 million USD with a growth of 11.6 percent (yoy), mostly from cross-border exports of consumer products and fuel supplies. Meanwhile, **export value** through the Northern Customs House moderated continuously following exports of agriculture products, particularly rice and fruit. Concurrently, **import value**, amounted to 139.3 million USD with a moderation of 2.2 percent (yoy) owing to declined imports of raw materials and intermediate goods. Nonetheless, the cross-border imports of vegetables, fruit, cattle and processed wood continued to increase.

With regard to **internal stability, headline inflation** slowed down by 1.66 percent (yoy) on the back of decreased prices of food and beverages. **Unemployment rate** in July 2012 remained low at 0.5 percent (yoy) in tandem with the rising numbers of registered person under social security system in August 2012, reflected an increased demand for labor.

**Commercial bank deposits** as of July 2012, amounting to 510,947.0 million baht, rose by 17.7 percent (yoy) in accordance with attractive campaigns of deposits mobilization. **Credits**, amounting to 436,950.0 million baht, grew by 18.3 percent (yoy) following corporate demand from wholesale and retail trades, cooperatives, construction materials and contractor businesses; as well as consumer demand, for hire purchasing in particular. Loan-to-deposit ratio, hence, was 85.5 percent, increasing from 84.2 percent in the previous month as a result of higher acceleration in credits than deposits.

Bank of Thailand, Northern Region Office

October 2, 2012

Contact person: Jarnya Tananuchittikul

Tel: +66 (0) 5393-1167

E-mail: [Jarnyat@bot.or.th](mailto:Jarnyat@bot.or.th)